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PRESS RELEASE

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Two Former Employees Plead Guilty to Defrauding Credit Union For the American Red Cross of More Than \$675,000

WASHINGTON - Two former employees of the Clara Barton Federal Credit Union pled guilty today to orchestrating a scheme to issue more than \$675,000 in fraudulent loans from the credit union, U.S. Attorney Ronald C. Machen Jr. and James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office, announced.

Tracy S. Kemper, 35, of Temple Hills, Maryland, and Tiffany A. Samuells, 34, of Greenbelt, Maryland, entered their guilty pleas in the U.S. District Court for the District of Columbia. Each woman pled guilty to one count of conspiracy to commit bank fraud. As part of the plea, they agreed to pay restitution and forfeiture in the amount of at least \$519,028.

The Honorable John D. Bates, who presided over the plea hearing, scheduled sentencing for July 6, 2011. The defendants face sentences of 27 to 33 months of incarceration under the voluntary federal sentencing guidelines.

According to the factual proffer presented by Assistant U.S. Attorney David Johnson at the plea hearing, before its merger with Pentagon Federal Credit Union (PenFed) in November 2008, Clara Barton was a small credit union in Washington, D.C., serving current and former employees of the American Red Cross and their relatives. Kemper was the loan processor and Samuells was a member services representative at the credit union.

Between 2006 and October 31, 2008, Kemper and Samuells caused \$678,311 in fraudulent loans to be issued from the credit union. The borrowers were friends, relatives, and associates of Kemper and Samuells. The loans were issued in exchange for receiving a kickback, or portion of the loan proceeds, from the borrowers. The amount of the kickback paid to Kemper and Samuells ranged from \$1,000 to \$3,500 per loan.

As the scheme progressed, some of the borrowers, particularly those whom Kemper and Samuells did not know personally, realized that the two credit union employees could get into trouble if the fraudulent loans were discovered. These borrowers told Kemper and Samuells that

it was the responsibility of Kemper and Samuells to make payments on the loans. Because the borrowers were not making payments, Kemper and Samuells had to use a portion of their kickbacks to make minimum payments on these loans, to keep them from going into default and arousing suspicion. Often, these transactions occurred after the credit union had closed for business for the day, when customers were not present.

The scheme was uncovered during the merger between Clara Barton and PenFed, when representatives of PenFed reviewed Clara Barton's records and detected numerous fraudulent and suspicious loans.

Because some payments were made by borrowers on the loans, the total amount of restitution in the case is limited to the actual losses suffered by the financial institution.

In announcing the guilty pleas, U.S. Attorney Machen and Assistant Director McJunkin commended the outstanding investigative work of the agents and analysts of the FBI. They also acknowledged the efforts of the staff of the U.S. Attorney's Office, including Legal Assistant Jamasee Lucas, Paralegal Specialist Sarah Reis, former Criminal Investigator Diane Eickman, Assistant U.S. Attorney Diane Lucas, who is working on forfeiture issues, and Assistant U.S. Attorney David Johnson, who is prosecuting the case.